

~UNITED STATES CONGRESS~

For Immediate Release
December 12, 2007

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TRADE LEADERS CALL FOR DOHA RULES TO STRENGTHEN TRADE REMEDY LAWS

*Key congressional leaders urge administration to oppose recently released
rules, advocate stronger policy*

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.), House Ways and Means Chairman Charles Rangel (D-N.Y.), Senator Jay Rockefeller (D- W. Va.), and U.S. Representative Sander Levin (D-Mich.) have sent letters to United States Trade Representative Susan Schwab and Commerce Secretary Carlos Gutierrez that express serious concerns to recently released text spelling out draft trade remedy rules for the WTO Doha negotiations. The Chairman of the Rules Negotiations in the WTO Doha Round released this draft text on November 30. Today's letter outlined concerns that the draft text would weaken current antidumping and other trade remedy laws that ensure economic competitiveness for U.S. businesses, workers, farmers, and ranchers trading in the global economy. The Trade Act of 2002 includes provisions that specifically forbid the administration from consenting to policies that could weaken U.S. trade remedy laws. With negotiations on these issues underway in Geneva, Switzerland this week, the congressional leaders called on the administration to advocate for Doha rules that will bolster, and not weaken, U.S. trade remedy laws.

The text of the letter to Ambassador Schwab follows here. An identical letter was sent to Secretary Gutierrez.

December 12, 2007

The Honorable Susan C. Schwab
United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Ambassador Schwab:

We are writing to express our serious concerns with the recent draft text released on November 30 by the Chairman of the Doha Round "Rules" negotiations. As you know, in the Trade Act of 2002, Congress established as a "principal negotiating objective" for the Doha Round talks the need to "avoid agreements that lessen the effectiveness of domestic and international disciplines on unfair trade, especially dumping and subsidies."

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We recognize the effort that the Chairman has made to reconcile divergent views. However, as currently drafted, the Chairman's proposed text does not meet the mandate set out by Congress. Rather, it would weaken existing trade remedy laws in a number of crucial areas and take a major step backward from the status quo reached at the end of the Uruguay Round.

To name just a few examples, the Chairman's text would require that antidumping orders be eliminated after 10 years, regardless of the circumstances, and would place significant hurdles in the path of conducting five-year ("sunset") reviews. The text would also improperly divert the analysis of trade remedy investigations away from the injured party by requiring WTO Members to consider the purported benefits of violations of their domestic trade laws. Further, while the Chairman's text includes welcome language correcting some aspects of deeply flawed Appellate Body decisions that sought to impose a requirement to offset positive dumping margins, the text also retains and codifies aspects of the flawed decisions relating to the dumping methodology used in investigations.

Additionally, the proposed text does not meet Congress's mandate for Doha to "clarify and improve" our rights and obligations in the WTO. In fact, it contains virtually nothing that would strengthen trade remedy law beyond what was established and permitted under the Uruguay Round agreements. For instance, the text does nothing to address the fundamental unfairness in the WTO's treatment of the U.S. direct tax system, as compared to foreign value-added tax, or VAT, systems – despite the fact that this is a "principal negotiating objective" in the Trade Act of 2002. The proposal also does nothing to expand the range of prohibited subsidies.

While we hope and believe that a productive result can occur in the Rules negotiations, we do not believe that the proposed text adequately ensures that U.S. workers, agricultural producers, and firms can compete on fair terms. It is difficult to imagine how Congress can accept an agreement in the Doha Round that runs counter to Congress's 2002 negotiating mandate. We urge you to communicate clearly the flaws in the proposed Chairman's Rules text, and to make clear that the United States will not accept the provisions in that proposal that would weaken our trade remedy laws. We stand ready to work with you in any way necessary to ensure that the Doha Rules talks restore and retain strong disciplines against unfair trade.

An identical letter was sent to Secretary Gutierrez.

Sincerely,

Max Baucus

Jay Rockefeller

Charles Rangel

Sander Levin

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